

## A Guide To Financial Aid



**There are three** popular ways in which you can apply and qualify for financial aid. Chronologically, the first two are (1) FAFSA (Free Application for Federal Student Aid) and (2) CSS (College Scholarship Search) Profiles, which can be filled out in October. These ask questions regarding assets, income, tax history, and other relevant information that will be used to determine need. These focus on offering aid for families with annual incomes below \$100,000. **You will need the past two years of your family's tax information and asset records to fill these out.**

After the two of these and any other merit scholarships are applied, (3) universities use their own internal financial aid calculators to determine how much aid they need to grant to make up the difference between the aid provided by FAFSA and CSS and your Expected Family Contribution (EFC). This happens after college applications are accepted, typically in late December or January for Early Decision and April for Regular Decision.

Top tier universities like Stanford typically cap aid at family annual incomes of \$225,000; UT Austin and other large public universities cap aid at family annual incomes of \$100,000. Substantial capital assets (stocks and bonds, real property, but NOT retirement accounts or primary residence equity) will lower this cap. This can help you determine if it's worth your time to fill out aid forms.

The table below has the basic information you should know when filling out these forms. More information can be found in the official guides.



# FAFSA VS CSS PROFILE

## FAFSA

The application is free. To make the process quicker, create an ID at [studentaid.gov/fsaid](http://studentaid.gov/fsaid). Students and parents must maintain separate IDs.

The FAFSA will determine your eligibility for federal aid like the Pell Grant, federal student loans (subsidized direct loans and direct unsubsidized loans) and federal work-study opportunities (which typically refers to an on-campus job or internship). Typically, direct unsubsidized loans, which are given when a university determines the aid is not needed, cap the loan at \$12,500 per school year. **This application is also often required by states and schools for their own scholarship and grant programs.**

It is used most often by public schools. You can automatically import tax data with the IRS Data Retrieval Tool.

This application asks you for information on household assets and income to determine the expected family contributions.

It looks at the income of one parent if the parents are divorced. See this article for details.

The FAFSA application becomes available on October 1, 2019 for the fall 2020/spring 2021 school year. The deadline is June 30.



Only students who meet basic eligibility criteria can submit the FAFSA. For loan assistance, the application must also be filled out, regardless of whether your child qualifies for grants and scholarships.

## CSS PROFILE

It costs \$25 to fill out the CSS application and send it to one school and \$16 for each additional school.

CSS determines state and institutional aid; the amount of the award, if any, is considered on a per-school basis.



Used by private schools, **not UT or A&M**. Tax data as well as asset data will be required

The CSS Profile asks for a broad overview of your family's assets. Their focus is more on annual income and medical expenses that could affect a family's ability to pay.

If the child's parents are divorced, the CSS Profile will be filled out twice in order for the information to be collected on both parents.

The application becomes available during the fall of your senior year, to be completed after FAFSA. It may be completed in conjunction with early action and/or early decision applications-- and the CSS Profile is a means for schools to give students an initial financial aid package. If you fill out the CSS Profile in the fall, it would be based on last year's tax information.

Any student who is a U.S. citizen or eligible noncitizen will qualify for federal student aid, even if that essentially means federal loans.

**FAFSA and CSS** don't communicate with colleges until after you are admitted. However, university financial aid departments sometimes communicate with admissions offices. Admissions chances at some schools are marginally higher if you say "no" when colleges ask on the Common App if you plan to seek financial aid from them.

Each university has a slightly different financial aid calculator. These calculators are available publically. To view them, search the name of the university, followed by "financial aid calculator." It is generally inadvisable to negotiate with top-tier universities on merit scholarships, though need-based appeals are considered for special circumstances, such as family illnesses. Schools outside the top 20 can be more flexible with offering merit scholarships.



**We've covered the** process of filling out FAFSA, and now will cover some of the options for financial aid granted by the government. The government offers grants, scholarships, and loans. Grants are based on financial need, scholarships are awarded to students meeting certain criteria, and loans are available to all students who complete the FAFSA.

Most students will not be eligible for federal aid. The most common form of aid provided is the Pell Grant, which goes to first time students with the most financial need, and provides up to \$6,345 per year, which can go towards tuition or other school-related costs.

A more common award is Federal Work-Study, where students are given jobs at a university to earn money for cost of living expenses while in college, subsidized by the federal government. Colleges offer a wide variety of work-study opportunities, and most have offices to help connect students with them.

Students who were involved in the military, or who are planning on a career in the military, have additional financial aid opportunities. These include the Reserve Officer Training Corps (ROTC), which prepares students to be officers while they complete an undergraduate degree.

Students studying foreign languages and cultures of interest to the US State Department may be eligible to apply for the Foreign Language and Area Studies (FLAS) grant. This provides money for tuition along with separate funds for cost of living expenses. It is available to graduate and undergraduate students.

The federal government offers student loans to help students pay for college. These loans are guaranteed by the government, and unlike normal loans, cannot be written off by a declaration of bankruptcy.

Students do not need to begin repayment of their loans while in school, however interest will begin to accumulate as soon as the loans are dispensed, so any payments made while in school can be helpful, as the interest is compounding.

Students must complete the FAFSA to be eligible for loans from the federal government. While some private entities also offer loans, we recommend only borrowing from the government to pay tuition costs, as interest rates are more carefully regulated for federal loans.



## State Aid

**Texas offers TASFA**, which works similarly to the federal aid application. All students who complete FAFSA and who are Texas residents are encouraged to fill out TASFA as well. The deadline for filling this out is early January, so we recommend getting started as soon as possible.



## Aid from Colleges

**Colleges offer two** types of aid: need based and merit. Need based aid, as the name suggests, is offered to students who would otherwise be unable to afford the school's tuition. Merit aid is offered to students due to their talents or abilities; usually academic, but sometimes athletic or artistic.

Need based aid will fill whatever amount of tuition the student and their family is unable to pay. Merit aid can be a set amount, and often depends on the particular school and scholarship. Offerings for merit aid can range from a few thousand dollars to the entire cost of tuition.

Top colleges frequently have more generous financial aid offers, as they have larger endowments and less need for tuition. The more a school depends on tuition for funding, the less generous they will be with financial aid. The most prestigious schools tend to primarily offer need-based aid, with the Ivy League explicitly banning merit aid for students. Less prestigious schools, in contrast, primarily offer merit aid, in an attempt to attract high achieving students who might otherwise attend more prestigious schools.

Some schools are need-blind, meaning they don't take a student's ability to pay into account when making admissions decisions. Other schools are need aware. A number of schools with the largest endowments are committed to meeting 100% of demonstrated financial need for students.



# Outside Scholarships



**Other entities also** offer aid to students, in the form of grants or scholarships. These must be applied to, and many have strict requirements for awarding funds. What scholarships you qualify for can vary widely, the more research you do the more you will be able to find. Most of these scholarships are small, but can still contribute to the costs of tuition or living expenses.

Many large companies offer some form of scholarships for their employees' children, and most colleges and universities do the same. This is something to discuss with your parents.

Your school counselor will know about scholarship opportunities located locally. Be careful when searching for scholarships online, as not everyone is honest. **Anywhere charging a fee to apply for a scholarship should not be trusted.**



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